

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

November 24, 1999

IN RE:

**APPLICATION OF NA COMMUNICATIONS, INC.
FOR A CERTIFICATE OF PUBLIC CONVENIENCE
AND NECESSITY TO PROVIDE FACILITIES-
BASED AND RESOLD LOCAL EXCHANGE,
EXCHANGE ACCESS AND INTEREXCHANGE
TELECOMMUNICATIONS SERVICES
THROUGHOUT THE STATE OF TENNESSEE**

DOCKET NO. 98-00597

**ORDER GRANTING CERTIFICATE OF
PUBLIC CONVENIENCE AND NECESSITY**

On August 10, 1999, this matter came before the Tennessee Regulatory Authority ("Authority"), upon the application of NA Communications, Inc. ("NACI") for a Certificate of Public Convenience and Necessity to provide facilities-based and resold local exchange, exchange access and interexchange telecommunication services throughout the state of Tennessee (the "Application"). The Application was made pursuant to Tenn. Code Ann. § 65-4-201 *et seq.*

LEGAL STANDARD FOR GRANTING CCN

NACI's Application was considered in light of the criteria for granting a certificate of public convenience and necessity ("CCN") as set forth in applicable statutes. Tenn. Code Ann. §65-4-201 provides, in part:

- (a) No public utility shall establish or begin the construction of, or

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operate any line, plant, or system, or route in or into a municipality or other territory already receiving a like service from another public utility, or establish service therein, without first having obtained from the authority, after written application and hearing, a certificate that the present or future public convenience and necessity require or will require such construction, establishment, and operation, and no person or corporation not at the time a public utility shall commence the construction of any plant, line, system, or route to be operated as a public utility, or the operation of which would constitute the same, or the owner or operator thereof, a public utility as defined by law, without having first obtained, in like manner, a similar certificate.

* * *

(c) After notice to the incumbent local exchange telephone company and other interested parties and following a hearing, the authority shall grant a certificate of convenience and necessity to a competing telecommunications service provider if after examining the evidence presented, the authority finds:

(1) The applicant has demonstrated that it will adhere to all applicable commission policies, rules and orders; and

(2) The applicant possesses sufficient managerial, financial, and technical abilities to provide the applied for services.

An authority order, including appropriate findings of fact and conclusions of law, denying or approving, with or without modification, an application for certification of a competing telecommunications service provider shall be entered no more than sixty (60) days from the filing of the application.

(d) Subsection (c) is not applicable to areas served by an incumbent local exchange telephone company with fewer than 100,000 total access lines in this state unless such company voluntarily enters into an interconnection agreement with a competing telecommunications service provider or unless such incumbent local exchange telephone company applies for a certificate to provide telecommunications services in an area outside its service area existing on June 6, 1995.

In addition, pursuant to Tenn. Code Ann. § 65-5-212, competing telecommunications providers are required to file with the Authority: (1) a plan containing the provider's plan for purchasing goods and services from small and minority-owned telecommunications businesses; and (2) information on programs that might provide technical assistance to such

businesses.

INTERVENORS

Public notice of the hearing in this matter was made by the Authority's Executive Secretary, pursuant to Tenn. Code Ann. § 65-4-204. P.V. Tel of Tennessee, LLC ("P.V. Tel") sought and was granted intervention which was limited to cross examination during the hearing and to the filing of post-hearing briefs, if requested by the Authority.¹

NACI'S HEARING

At the hearing held on August 3, 1999, NACI was represented by D. Billye Sanders, Esq., of Waller Lansden Dortch & Davis, PLLC, 511 Union Street, Suite 2100, Nashville, Tennessee 37219-1760 and Katherine A. Rolph, Esq. of Swidler, Berlin, Shereff and Friedman, LLP, 3000 K Street, N.W., Suite 300, Washington, D.C. 20007. P.V. Tel was represented by Henry Walker, Esq. of Boulton, Cummings, Connors & Berry, PLC, 414 Union Street, Suite 1600, Post Office Box 198062, Nashville, Tennessee 37219. Cathy J. Davis, President and Treasurer of NACI and Michael K. Davis, Vice President and Secretary of NACI presented testimony on behalf of NACI and were made available for cross-examination by counsel for the intervenor, P.V. Tel.

Upon conclusion of the hearing, the Authority requested the submission of a copy of the Stock Purchase Agreement between CFW Communications Company ("CFW"), a Virginia corporation, and the shareholders of NetAccess, Inc., the parent of NACI, as a late-filed exhibit under the protective order entered in this case. With the closing of the stock purchase scheduled to occur the day after the hearing, the Authority deferred rendering a

¹ See Tennessee Regulatory Authority *Order Granting Petition to Intervene*, entered August 3, 1999.

decision on the Application until after receipt and review of a copy of the executed Stock Purchase Agreement evidencing the change of control of the applicant's parent company.

I. APPLICANT'S QUALIFICATIONS

1. NACI is a corporation incorporated under the laws of the Commonwealth of Virginia, and is authorized to transact business in the state of Tennessee.

2. The complete street address of NACI's registered agent in Tennessee is Green & Hale, a professional corporation, 126 Edgemont Avenue, Bristol, Tennessee 37620. NACI's principal office is located at 234 West Valley Street, Abingdon, Virginia 24212-2304. The telephone number is (540) 676-3638.

3. The Application and supporting documentary information existing in the record indicate NACI has the requisite technical and managerial qualifications necessary to provide intrastate local exchange and interexchange telecommunications services within the state of Tennessee. NACI is currently providing local exchange and interexchange telecommunication services in the Commonwealth of Virginia pursuant to authority granted by the Virginia State Corporation Commission.

4. NACI is relying upon the financial resources of its parent company, NetAccess, Inc., a Virginia corporation, to provide additional capital as needed during the start-up phase of its business. NetAccess has already provided equity funding to NACI to begin its operations. NACI provided, under seal, the audited 1998 consolidated financial statements of NetAccess and NACI and a three year forecast (1999 through 2001) of operations and cash flow of NACI and NetAccess. Due to the impending acquisition of 100% of the stock of

NetAccess by CFW, NACI also presented the consolidated financial statements of CFW as of December 31, 1998. Based upon the financial data presented, NACI has the necessary capital and financial qualifications to provide the services its proposes to offer.

5. NACI has represented that it will adhere to all applicable policies, rules and orders of the Authority.

6. The record indicates that the acquisition by CFW of 100% of the outstanding stock of NetAccess was consummated on August 5, 1999. The financial strength and telecommunications experience of CFW, the ultimate owners of NACI, will enhance NACI's qualifications and ability to provide the applied for services.

II. PROPOSED SERVICES

1. NACI intends to provide facilities-based and resold local exchange, exchange access and interexchange telecommunication services throughout the state of Tennessee. NACI proposes to provide switched and special access local exchange and interexchange services to subscribers within the state of Tennessee through a combination of its own facilities and through the resale of the local exchange services of Sprint and BellSouth Telecommunications, Inc. and the interexchange services of certified interexchange carriers.

2. With respect to its local exchange offerings, NACI intends to provide all forms of intrastate telecommunications services, including: (a) basic exchange services; (b) custom and CLASS features; (c) ancillary services (911, directory listing, directory assistance, etc.); and (d) special access services. With respect to its interexchange service offerings, NACI intends to provide all forms of interexchange telecommunication services, including: (a) basic intrastate and interstate interexchange switched services; (b) basic intrastate and interstate

dedicated services; and (c) enhanced intrastate and interstate services.

3. Except as may be allowed by state or federal law, NACI will not offer service in areas currently being served by an incumbent local telephone company with fewer than 100,000 total access lines, as described within Tenn. Code Ann. §65-4-201(d).

III. PERMITTING COMPETITION TO SERVE THE PUBLIC CONVENIENCE AND NECESSITY

Upon a review of the Application and the record in this matter, the Authority finds that approval of NACI's Application would inure to the benefit of the present and future public convenience by promoting competition in the telecommunications services market in the state and by fostering the development of an efficient technologically advanced statewide system of telecommunications services.

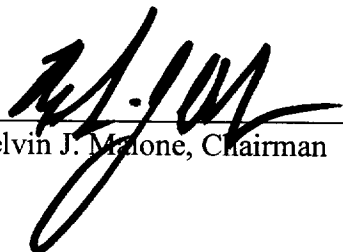
IV. SMALL AND MINORITY-OWNED TELECOMMUNICATIONS BUSINESS PARTICIPATION PLAN & BUSINESS ASSISTANCE PROGRAM

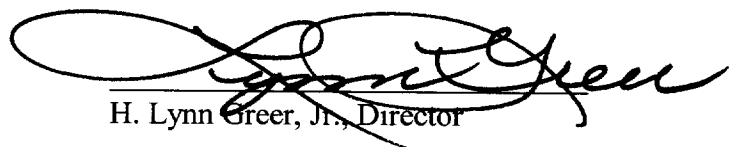
1. NAIC has filed a satisfactory small and minority-owned telecommunications business participation plan, pursuant to Tenn. Code Ann. § 65-5-212 and the Authority's Rules.

2. NAIC has acknowledged its obligation to contribute to the funding of the small and minority-owned telecommunications business assistance program, as set forth in Tenn. Code Ann. § 65-5-213.

IT IS THEREFORE ORDERED THAT:

1. The Application of NA Communications, Inc. is approved;
2. Any party aggrieved with the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within ten (10) days from and after the date of this Order; and
3. Any party aggrieved with the Authority's decision in this matter has the right of judicial review by filing a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty (60) days from and after the date of this Order.



Melvin J. Malone, Chairman

H. Lynn Greer, Jr., Director

Sara Kyle, Director

ATTEST:



K. David Waddell, Executive Secretary